

MINUTE ITEM

This Calendar Item No. C17
was approved as Minute Item
No. 17 by the State Lands
Commission by a vote of 3
to 0 of its 2/6/91
meeting.

CALENDAR ITEM

A 26

C 17

S 5

02/06/91
PRC 7319
Hamilton

ACCEPT THE FULL QUITCLAIM OF
NEGOTIATED SUBSURFACE (NO SURFACE USE)
STATE OIL AND GAS LEASE PRC 7319
(317 ACRES UNDER THE SAN JOAQUIN RIVER),
SAN JOAQUIN COUNTY.

LESSEE:

Santa Fe Energy Resources, Inc.
Attn: Roger Narinian
4900 California Avenue
Tower A, Suite 400
Bakersfield, California 93309

BACKGROUND:

Negotiated subsurface (no surface use) State Oil and Gas Lease PRC 7319 (Lease) was issued to Santa Fe Energy Company (now Santa Fe Energy Resources, Inc.) on July 10, 1989 and contains eight parcels (totalling about 317 acres) of tide, submerged and proprietary lands in the bed and vicinity of the San Joaquin River in San Joaquin County, California (leased lands). Under the terms of the Lease, the lessee is required to pay an annual rental of \$25 per acre (\$7,925 for 317 acres) and commence drilling operations on the leased lands within three years. No wells have been drilled on or into the leased lands.

P.R.C. 6804.1 and Lease Paragraph 30 permit the lessee to make at any time a written quitclaim of all rights under the Lease or of any portion of the leased lands comprising a ten-acre parcel or multiple thereof in a compact form. The quitclaim will be effective when it is filed with the State subject to the

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continued obligation of the lessee and its surety to pay all accrued rentals and royalties and to abandon all wells drilled on the leased lands.

On December 17, 1990, the Commission's Long Beach office staff received the document "(Full) Quitclaim Deed for State Oil and Gas Lease." This document was dated December 10, 1990 and quitclaims back to the State all of the lessee's right, title and interest in and to the leased lands described in Exhibit "A" of State Oil and Gas Lease PRC 7319 dated July 10, 1989.

A review of the Commission's files reveals that no default exists on the Lease, that the lessee has complied with all applicable laws and Lease provisions and has paid all rentals (no royalty is due as the leased lands were not developed).

STATUTORY AND OTHER REFERENCES:

P.R.C. 6804.1 and Lease Paragraph 30.

AB 884:

N/A.

OTHER PERTINENT INFORMATION:

1. Vertical well "SFEC-LUCKEY" 7-1 was drilled on private property about 500 feet from the leased lands and was plugged and abandoned in accordance with Division of Oil and Gas requirements (See Exhibit "D"--"Report of Well Abandonment").
2. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), staff has determined that this activity is exempt from the requirements of CEQA because the activity is not a "project" as defined by the CEQA Statutes and Guidelines.

Authority: P.R.C. 21084, 14 Cal. Code Regs. 15378.

EXHIBITS:

- A. Land Description.
- B. Site Map.
- C. Location Map.
- D. Report of Well Abandonment.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THE ACTIVITY EXEMPT FROM THE REQUIREMENTS OF THE CEQA, PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. ACCEPT FROM SANTA FE ENERGY RESOURCES, INC. (LESSEE) THE (FULL) QUITCLAIM DEED FOR STATE OIL AND GAS LEASE DATED DECEMBER 10, 1990, WHERE THE LESSEE QUITCLAIMS BACK TO THE STATE ALL RIGHT, TITLE AND INTEREST IN AND TO THE LEASED LANDS DESCRIBED IN EXHIBIT "A" OF STATE OIL AND GAS LEASE PRC 7319 DATED JULY 10, 1989.
3. RELEASE SANTA FE ENERGY RESOURCES, INC. FROM ALL OBLIGATIONS UNDER STATE OIL AND GAS LEASE PRC 7319 EFFECTIVE DECEMBER 17, 1990, THE FILING DATE OF THE QUITCLAIM DEED.
4. AUTHORIZE THE EXECUTION OF ANY DOCUMENT NECESSARY TO EFFECT THE COMMISSION'S ACTION.

STATE OIL & GAS LEASE PRC 7319

EXHIBIT "A"

LAND DESCRIPTION

(W 40581)

Eight parcels of State owned tide, submerged and proprietary lands in Sections 12 and 13, T2N, R4E, MDM, and Sections 7, 17, 18, 19, and 20, T2N, R5E, MDM, San Joaquin County, California, described as follows:

PARCEL 1

All that land lying in the bed of the San Joaquin River in its last natural location, bounded upstream by the north/south quarter section line of Section 20, T2N, R5E, MDM; bounded downstream by the Range Line between T2N, R4E, MDM and T2N, R5E, MDM at the northernmost crossing of said river; and bounded on each side by the last natural mean high tide lines of said river.

PARCEL 2

All that land described as Parcel 54, as recorded on July 9, 1928 in Volume 251, page 27, Official Records of said County lying west of the north/south quarter section line of Section 20, T2N, R5E, MDM.

PARCELS 3, 4, 5, and 6

All those lands described as Parcel 57, 63, 65, and 69, as recorded on July 31, 1929 in Volume 290, page 31, Official Records of said County.

PARCEL 7

All that land described as Parcel 72, as recorded on July 7, 1928 in Volume 251, page 21, Official Records of said County.

PARCEL 8

All that land acquired as AD-25 by the State Lands Commission, recorded December 17, 1979, in Document No. 77094445 Official Records of said County.

END OF DESCRIPTION

PREPARED MAY 23, 1989 BY BIU 1.

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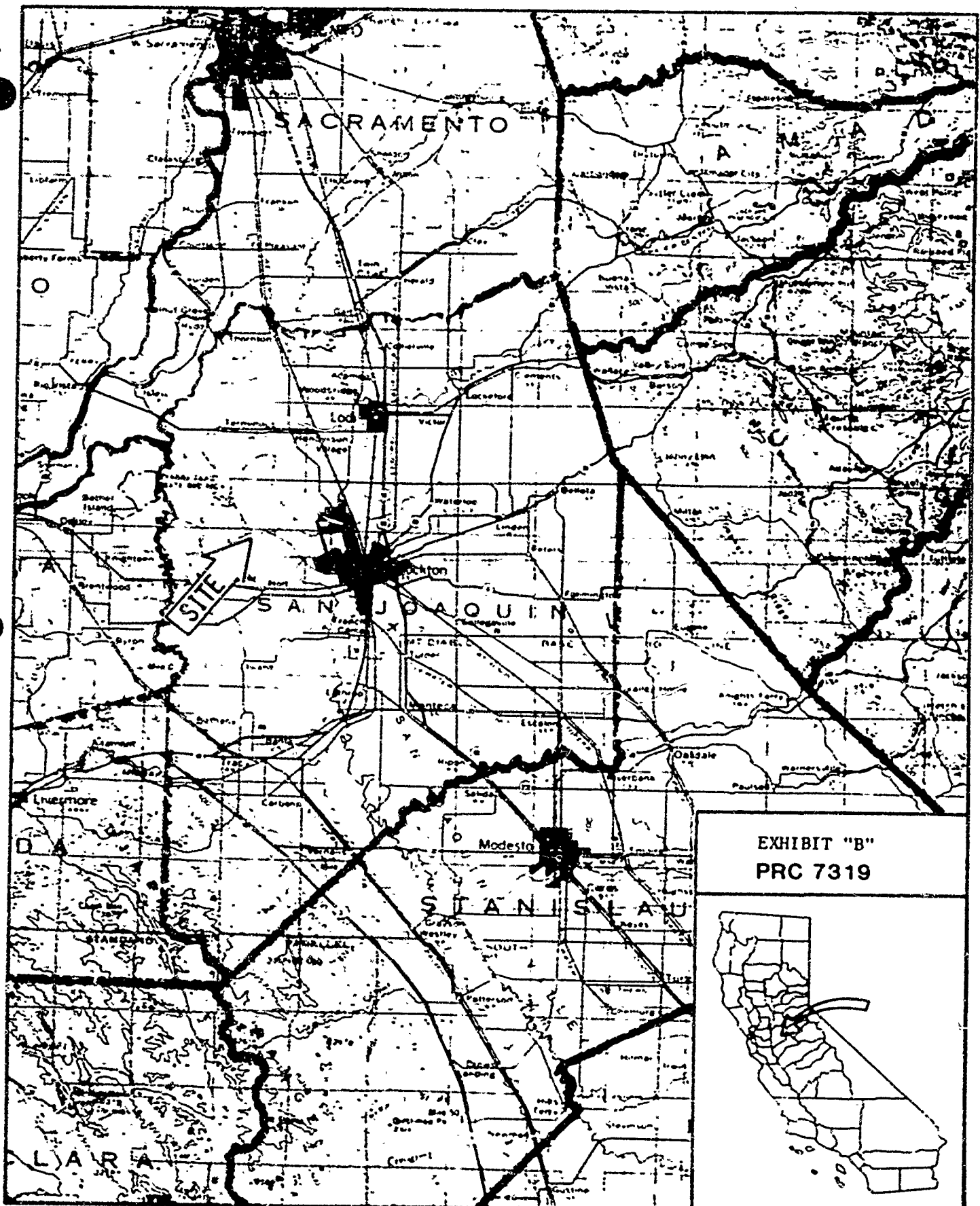


EXHIBIT "B"
 PRC 7319



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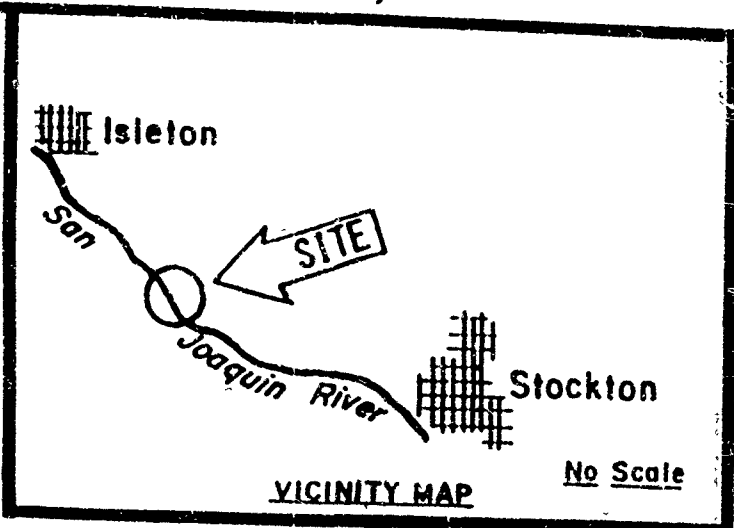
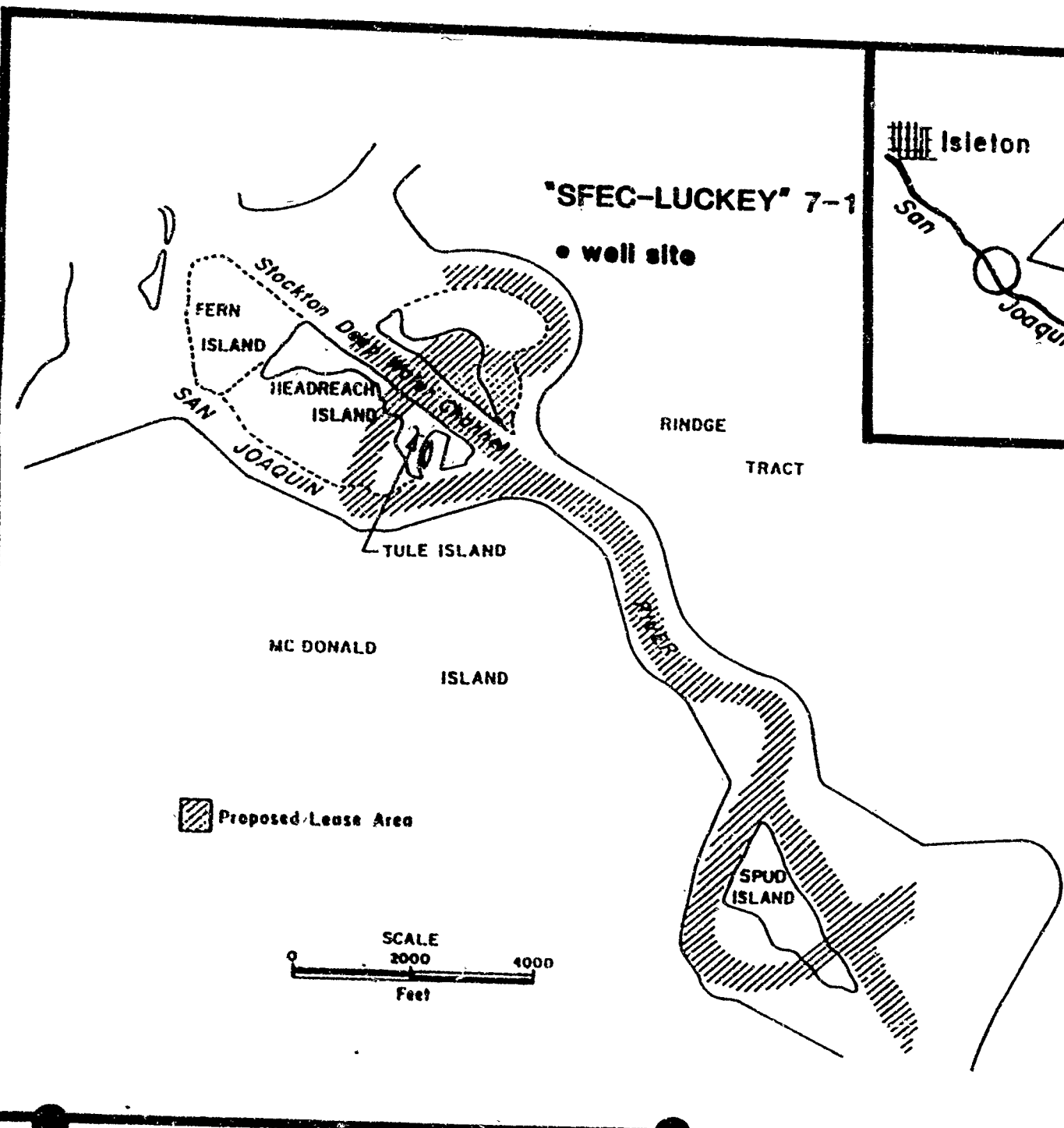


EXHIBIT "C"
STATE OIL & GAS
LEASE PRC 7319
SAN JOAQUIN COUNTY



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EXHIBIT "D"

RESOURCES AGENCY OF CALIFORNIA
DEPARTMENT OF CONSERVATION
DIVISION OF OIL AND GAS

PRC 7319

REPORT OF WELL ABANDONMENT

Woodland, California

November 13, 1989

John D. Morgan-Voyce, Agent
ARKOMA PRODUCTION CO. OF CALIFORNIA
2240 Douglas Blvd., Suite 201
Roseville, CA 95661

Your report of abandonment of well "SFEC-LUCKEY" 7-1
(Name and number)
A.P.I. No. 077-20522, Section 7, T. 2N, R. 5E, M.D. B. & M.,
field, San Joaquin County,
dated 8/23/89, received 8/25/89, has been

examined in conjunction with records filed in this office, and we have determined that all of the requirements of this Division have been fulfilled.

Environmental inspection made and approved 11/6/89.

Blanket Bond
BGT/km
CONFIDENTIAL STATUS
cc: Company

M. C. MEFFERD
State Oil and Gas Supervisor

By Robert A. Reid
Deputy Supervisor

ROBERT A. REID

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